

UNCLASSIFIED

245

CONFIDENTIAL
n/a

Page: 371

PTQ8132

RELEASED IN PART
B2

CONFIDENTIAL

PTQ8132

PAGE 01 STATE 117756 301515Z
ORIGIN INR-00

INFO LOG-00 AMAD-01 ARA-01 ACQ-01 DINT-00 DS-00 FBIE-00
TEDE-00 IO-00 ADS-00 OIC-02 OIG-04 DSCC-00 NFAT-00
SAS-00 /009R

117756

SOURCE: KODAKC.030049

DRAFTED BY: INR/IAA:STAFF: -- 06/30/98 7-2229

APPROVED BY:

INR/IAA:

DESIRED DISTRIBUTION:

ARA

B2
B2

-----4EF135 301553Z /38

R 301513Z JUN 98
FM SECSTATE WASHDC
INFO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
CIA WASHDC 0000
DIRNSA FORT GEORGE G MEADE MD
DIA WASHDC
NSC WASHDC 0000
SECDEF WASHDC 0000
USIA WASHDC 0000
USMISSION USUN NEW YORK

C O N F I D E N T I A L STATE 117756

E.O. 12958: DECL: 06/29/08

TAGS: PINR, CI, VE

SUBJECT: (U) INR INTELLIGENCE BRIEFS AND ASSESSMENTS

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 117756 301515Z
CLASSIFIED BY: JAMES E. BUCHANAN, INR/IAA, DEPARTMENT OF
STATE. REASON: 1.5(C)(D).

I. BRIEF

1. (U) THE FOLLOWING INR INTELLIGENCE BRIEF AND
ASSESSMENT IS PROVIDED FOR YOUR INFORMATION AND COMMENT.

(U) CHILE: UP IN THE AIR

n/a

CONFIDENTIAL

Pag»

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: OSCAR J OLSON
DATE/CASE ID: 16 JUL 2009 200503654

UNCLASSIFIED

UNCLASSIFIED

CONFIDENTIAL

Page: 372

n/a

2. (U) CHILEAN FINANCE MINISTER ANINAT ON JUNE 25 ANNOUNCED THE "TEMPORARY SUSPENSION" OF THE PURCHASE OF ADVANCED FIGHTER AIRCRAFT AS PART OF A PACKAGE OF BUDGET CUTS AIMED AT OFFSETTING THE EFFECTS OF EXPORT LOSSES IN ASIAN MARKETS, ACCORDING TO PRESS REPORTS. CHILE WILL ALSO CUT \$200 MILLION FROM ITS BUDGET, SPREAD ACROSS ALL MINISTRIES, FOR THE SECOND HALF OF 1998. THE AIR FORCE PLANS TO SPEND AT LEAST \$500 MILLION ON NEW AIRCRAFT, CHOOSING AMONG THE F-16, THE F-18, THE SWEDISH JAS-39

GRIPEN, AND THE FRENCH MIRAGE 2000.

3. (C) COMMENT: THE LONG-ANTICIPATED AIRCRAFT CHOICE HAS BEEN DELAYED REPEATEDLY; AN ANNOUNCEMENT WAS MOST RECENTLY EXPECTED SHORTLY AFTER THE APRIL SUMMIT OF THE AMERICAS. THE LONGER CHILE WAITS TO ANNOUNCE ITS DECISION, THE MORE THE FIGHTER ISSUE WILL BECOME SUBMERGED IN THE CAMPAIGNING TO SUCCEED FREL IN THE DECEMBER 1999 PRESIDENTIAL ELECTIONS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 117756 301515Z

4. (C) CHILE HAS CLOSER ECONOMIC TIES TO ASIA THAN ANY OTHER LATIN COUNTRY, SELLING ALMOST ONE-THIRD OF ITS EXPORTS THERE, MAINLY TO JAPAN AND KOREA. TEN PERCENT OF EXPORT REVENUES FROM COPPER, CHILE'S LARGEST EXPORT ITEM, ARE EARMARKED FOR MILITARY MODERNIZATION.
DRAFTED BY INR/IAA, 6/29/98

II. ASSESSMENT

(U) VENEZUELA: CHAVEZ'S SUPPORT GROWS

5. (U) HUGO CHAVEZ FRIAS, A RETIRED VENEZUELAN ARMY LIEUTENANT COLONEL AND LEADER OF A FAILED COUP ATTEMPT IN 1992, IS OUTPOLLING ALL CANDIDATES FOR THE DECEMBER 6 PRESIDENTIAL ELECTION.

6. (U) CHAVEZ LEADS ALL PRESIDENTIAL CANDIDATES WITH 30-PERCENT SUPPORT, ACCORDING TO ONE POLL. HIS POPULARITY RESTS ON HIS ABILITY TO PORTRAY HIMSELF AS AN OUTSIDER TO THE TRADITIONAL PARTY SYSTEM, WITH SUPPORT ESPECIALLY STRONG AMONG LOWER-CLASS CITIZENS DISSATISFIED WITH THE PERFORMANCE OF VENEZUELAN DEMOCRACY. SUCH SUPPORTERS DO NOT FAVOR VIOLENT REVOLUTIONARY CHANGE, BUT THEY BELIEVE THE PRESENT SYSTEM IS INCAPABLE OF COMBATING POLITICAL AND ECONOMIC CORRUPTION AND IS RESPONSIBLE FOR THE INEQUITABLE

n/a

CONFIDENTIAL

Page»

UNCLASSIFIED

UNCLASSIFIED

CONFIDENTIAL

n/a

Page: 373

DISTRIBUTION OF THE COUNTRY'S OIL WEALTH.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 117756 301515Z

7. (U) LUMPEN-APPEAL. LOWER-CLASS VOTERS ARE ATTRACTED TO CHAVEZ'S CALLS FOR A CONSTITUENT ASSEMBLY, HIS PROMISE TO COMBAT POVERTY AGGRESSIVELY, AND HIS ATTACKS ON THE NEOLIBERAL ECONOMIC POLICIES OF THE CALDERA GOVERNMENT. THESE VOTERS ARE ALSO THE MOST AFFECTED BY THE SLUMP IN THE PRICE OF OIL, WHICH HAS HALTED ECONOMIC GROWTH AND FORCED THE GOVERNMENT TO REDUCE SPENDING. THOUGH 25 PERCENT OF

VENEZUELAN SURVEYED SAY THEY WILL NEVER VOTE FOR CHAVEZ, THE FIRST-PAST-THE-POST PRESIDENTIAL POLLING SYSTEM AND THE LIKELIHOOD THAT TWO OR MORE OTHER CANDIDATES WILL BE ABLE TO ATTRACT 20 PERCENT OR MORE OF THE VOTE MEAN THAT THE PROSPECT OF A CHAVEZ VICTORY MUST BE TAKEN SERIOUSLY, ESPECIALLY IF THE SLUMP IN OIL PRICES CONTINUES.

8. (U) CHAVEZ'S RESILIENCE IN THE POLLS--COMBINED WITH HIS ECONOMIC NATIONALISM, THREATS TO PLACE A MORATORIUM ON VENEZUELA'S PUBLIC DEBT, AND CRITICISMS OF NEOLIBERAL ECONOMIC REFORMS--HAS CAUSED CONCERN AMONG INVESTORS AND CONTRIBUTED TO A 40-PERCENT DROP IN THE CARACAS STOCK MARKET SINCE JANUARY 1. IN RECENT WEEKS CHAVEZ HAS WORKED TO ALLAY THESE FEARS BY EXCHANGING HIS TRADEMARK FATIGUES AND BERET FOR A BUSINESS SUIT AND MEETING WITH BANKERS AND STOCKBROKERS.

9. (C) HE ALSO HAS TONED DOWN HIS ECONOMIC RHETORIC. AFTER DECLARING IN MARCH THAT THE TIME WAS NOT RIGHT FOR THE FREE TRADE AREA OF THE AMERICAS (FTAA), HE CLAIMED IN JUNE THAT FULL VENEZUELAN PARTICIPATION IN THE FTAA WOULD BE A CENTRAL GOAL OF HIS ADMINISTRATION. HE ALSO HAS PROMISED TO HONOR ALL EXISTING FOREIGN CONTRACTS AND AMEND
CONFIDENTIAL

CONFIDENTIAL

PAGE 05 STATE 117756 301515Z

THEM ONLY AS ALLOWED BY LAW. CHAVEZ'S LEFTIST, NATIONALIST POSTURING IS ADAPTABLE; AS HE SEEKS TO EXPAND HIS ELECTORAL APPEAL, FURTHER RHETORICAL ADJUSTMENTS CAN BE EXPECTED.

10. (U) OPPONENTS' CAMPAIGNS STAGNATE. INITIAL FRONTRUNNER SAEZ, CANDIDATE OF VENEZUELA'S SECOND LARGEST PARTY (COPEL), HAS DROPPED TO 18-PERCENT SUPPORT. HER

n/a

CONFIDENTIAL

Pag»

UNCLASSIFIED

UNCLASSIFIED

CONFIDENTIAL

Page: 374

n/a

POPULARITY, LIKE CHAVEZ'S, INITIALLY CAME FROM HER ABILITY TO PORTRAY HERSELF AS A POLITICAL OUTSIDER, BUT ACCEPTING THE COPEL NOMINATION MAY HAVE DAMAGED HER CREDIBILITY. SAEZ ALSO HAS BEEN CRITICIZED FOR FAILING TO PRESENT AN ECONOMIC PLAN, AND CHAVEZ HAS UPSTAGED HER AS THE ANTI-CORRUPTION, ANTI-STATUS QUO CANDIDATE.

11. (U) VENEZUELA'S LARGEST POLITICAL PARTY, ACCION DEMOCRATICA (AD), IGNORED THE PUBLIC REPUDIATION OF TRADITIONAL POLITICIANS BY CHOOSING 76-YEAR-OLD AD PARTY BOSS LUIS ALFARO UCERO AS ITS CANDIDATE. ALFARO TRAILS ALL CANDIDATES IN THE POLLS WITH 1-2 PERCENT AND IS NOT A BRILLIANT CAMPAIGNER. TURNING HIM INTO A LEGITIMATE CONTENDER WILL SEVERELY TEST THE TALENTS AND RESOURCES OF AD'S APPARATUS, EVEN THOUGH IT REMAINS THE MOST CAPABLE POLITICAL MACHINE IN THE COUNTRY.

DRAFTED BY INR/IAA, 6/27/98

TALBOTT

CONFIDENTIAL

NNNN

n/a

CONFIDENTIAL

Pag»

UNCLASSIFIED